

BLACK HAWK MINING LTD.

(NO PERSONAL LIABILITY)

HEAD OFFICE:
SUITE 102
400 ST. JAMES STREET WEST
MONTREAL 1, QUEBEC

EXECUTIVE OFFICE:
4 KING STREET WEST
TORONTO 1, ONTARIO
EMPIRE 3-4991

AR32

TORONTO, ONTARIO
JANUARY 4, 1965.

TO THE SHAREHOLDERS,

IT GIVES ME PLEASURE TO REPORT THAT THE AGREEMENTS BETWEEN THIS COMPANY AND DENISON MINES LIMITED DATED AUGUST 7, 1964, AND BETWEEN THIS COMPANY AND ROMAN CORPORATION LIMITED AND TRANS-CANADA EXPLORATIONS LIMITED DATED AUGUST 7, 1964, COPIES OF WHICH WERE DISTRIBUTED TO THE SHAREHOLDERS WITH OUR ANNUAL REPORT AS OF APRIL 30, 1964, AND WHICH WERE CONFIRMED BY THE SHAREHOLDERS AT OUR ANNUAL MEETING HELD IN MONTREAL ON AUGUST 25, 1964, HAVE ALSO BEEN CONFIRMED BY THE SHAREHOLDERS OF ROMAN CORPORATION LIMITED AND TRANS-CANADA EXPLORATIONS LIMITED. THE TERMS AND CONDITIONS FOR CLOSING AS CONTAINED IN THE SAID AGREEMENTS HAVE BEEN MET AND THE AGREEMENTS ARE NOW VALID AND IN FORCE.

MAY I ALSO REPORT ON THE PROGRESS MADE IN THE FIRST PHASE OF THE DEVELOPMENT PROGRAMME NOW BEING IMPLEMENTED AT THE PROPERTY OF BLACK HAWK MINING LTD. IN BLUE HILL, MAINE. THIS PROGRAMME WAS OUTLINED IN MY LETTER OF AUGUST 10, 1964 WHICH WAS REVIEWED AT THE ANNUAL SHAREHOLDERS' MEETING.

DURING THIS PERIOD A ROAD, APPROXIMATELY 4,000 FT. LONG WAS BUILT TO THE MINE SITE AND A PERMANENT MINING PLANT AND BUILDING, CAPABLE OF HANDLING PRODUCTION AT A RATE OF AT LEAST 1,000 TONS PER DAY, WAS SUBSTANTIALLY COMPLETED. THIS PLANT INCLUDES THE HEADFRAME, HOIST AND COMPRESSOR, AND AUXILLIARY ELECTRICAL EQUIPMENT.

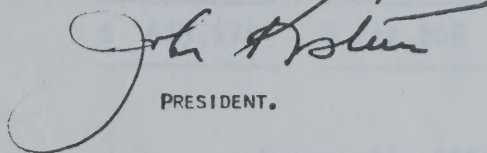
THE SERVICE BUILDING, WHICH WHEN FULLY CONSTRUCTED WILL BE 160' X 130', NOW HAS ITS FIRST SECTION MEASURING 160' X 65', NINETY PERCENT COMPLETED. THIS SECTION CONTAINS THE SERVICE ENTRY TO THE SHAFT COLLAR AND ENCOMPASSES THE STEEL-FABRICATED ORE AND WASTE BINS, THE MINE OPERATING SERVICES AND OCCUPANCY FOR 250 EMPLOYEES. A MEZZANINE IN THIS SECTION, WHICH WILL CONTAIN ENGINEERING AND STAFF SERVICES, IS CURRENTLY BEING ENCLOSED. THE REMAINING PORTION OF THE SERVICE BUILDING, 160' X 65', WILL CONTAIN THE ELECTRICAL, MECHANICAL AND WAREHOUSE DEPARTMENTS, AND WILL BE CONSTRUCTED FOLLOWING THE PROVING OF BLACK HAWK'S INDICATED ORE RESERVES, PRESENTLY CALCULATED AT 4,488,300 TONS OF COPPER, LEAD, ZINC ORE.

WITH THE POWDER MAGAZINE COMPLETED, SHAFT SINKING COMMENCED WITH TWO CREWS NOVEMBER 21ST AND A THIRD CREW WAS ADDED DECEMBER 1ST, 1964. THE SHAFT IS PRESENTLY AT 280 FT. AND IS BEING ADVANCED AT THE RATE OF APPROXIMATELY 10 FT. PER DAY.

STATIONS, FROM WHICH DEVELOPMENT WILL BE CARRIED OUT, ARE TO BE EXCAVATED AT APPROXIMATELY THE 380, 480, AND 580 FOOT LEVELS. DEVELOPMENT AND EXPLORATION PLANS FOR THESE HORIZONS ARE NOW BEING FINALIZED.

IN CONCLUSION, I AM PLEASED TO ANNOUNCE THAT WITH THE LATEST ADDITIONS OF TECHNICAL PERSONNEL, OUR SUPERVISORY GROUP AT THE PROPERTY IS NOW COMPLETE FOR THIS STAGE OF OPERATIONS.

RESPECTFULLY SUBMITTED,


PRESIDENT.

BLACK HAWK MINING LTD.

HEAD OFFICE:

SUITE 102
400 ST. JAMES STREET WEST
MONTREAL 1, QUEBEC

(NO PERSONAL LIABILITY)

And its Wholly-Owned Subsidiary

BLACK HAWK CORPORATION

EXECUTIVE OFFICE:

4 KING STREET WEST
TORONTO 1, CANADA
EMPIRE 3-4991

To the Shareholders:

During the first half 1976 emphasis was placed on development of the Mammoth zone. A total of 92500 tons of ore were milled, averaging 1.22% copper and 4.71% zinc. Zinc stockpiles remain high; however, the zinc market is improving and it is hoped to reduce stockpiles substantially over the next twelve months. Ore reserves and alternative mining methods for active zones have been closely reviewed; cost estimates and economics of the undeveloped Carlton zone also are under further review.

The operating loss shown below results from development costs in the first quarter 1976.

CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Six Months Ended June 30	
	1976	1975
REVENUE FROM METAL SALES	\$ 1,462,083	\$ 649,590
OPERATING COSTS	1,572,954	537,698
OPERATING INCOME (LOSS) BEFORE UNDERNOTED ITEMS	(110,871)	111,892
OTHER EXPENSES		
Interest on debentures	113,597	109,180
Interest - other	34,095	-
Amortization of interest in Blue Hill Joint Venture	396,127	588,942
	543,819	698,122
LOSS FOR PERIOD	\$ 654,690	\$ 586,230
LOSS PER SHARE	.15¢	.14¢

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
(Unaudited)

	Six Months Ended June 30	
	1976	1975
SOURCE OF WORKING CAPITAL	\$ Nil	\$ Nil
APPLICATION OF WORKING CAPITAL		
Loss for period	654,690	586,230
Less: Items not involving a current outlay		
- Interest on debentures	(113,597)	(109,180)
- Amortization of interest in Blue Hill Joint Venture	(396,127)	(588,942)
	144,966	(111,892)
Retirement of debentures	-	20,000
Share of joint venture exploration expenditures	-	61,186
Share of joint venture fixed asset expenditures	(8,643)	115,439
	136,323	84,733
DECREASE IN WORKING CAPITAL	(136,323)	(84,733)
WORKING CAPITAL, beginning of period	759,894	847,601
WORKING CAPITAL, end of period	\$ 623,571	\$ 762,868

Attn: Financial Editor

The Globe & Mail
444 Front Street,
TORONTO, Ontario

